

20 November 2012  
Bangkok, Thailand  
Workshop on National-Sub-national Linkage to Enhance  
Low Carbon Development at the Sub-national Level in Thailand

## Potential National-Sub-national Linkage to Enhance Low Carbon Development at the Sub-national Level

Hidenori Nakamura, Ph.D.  
Institute for Global Environmental Strategies

### Objective

“What kinds of institutional mechanisms of **national** mitigation actions would enhance low carbon development at the **sub-national** level?”

To answer the above question, the presentation aims

- to share the important aspects of the *national-level institutional mechanisms* to enhance *effective* low carbon development at the *sub-national level*
- to show the options of *potential national-sub-national linkage mechanisms* and to articulate the *effective* ideas

## Division of Responsibilities between National and Sub-national Governments

Sector	# of Low Carbon Dev't Policies & Measures	Planning and implementation		Only implementation	
		National Government (# of P/M in charge)	Provincial Government (# of P/M in charge)	City/Municipal Government (# of P/M in charge)	City/Municipal Government (# of P/M in charge)
Energy Supply	10	10	2	2	2
Transport	8	8	3	3	3
Building	1	1	0	0	0
Industry	3	3	0	0	0
Waste and Wastewater	11	11	5	5	5
Agriculture	4	4	1	1	1
Forestry	7	7	5	5	5

Source: TEI (2012)

3

Four Things to be Considered for National and Sub-national Linkage Mechanisms

4

What motivates sub-national governments for good policy performance?



## 1. Incentive Provision and Ownership Development

Example 1: The **secretariat of international intercity network programmes** to promote sustainable development (CITYNET and ICLEI Southeast Asia)

- Properly *understanding the particular needs* of participating cities
- Providing them with *useful opportunities*
- Nurturing ownership and commitment through
  - *Calls for proposals*
  - *Requests for action planning*
  - *Requiring commitment of political leader*
  - *Monitoring* during the network activities

# 1. Incentive Provision and Ownership Development

## Example 2: Social lending for Education for All – Fast Track Initiative (EFA-FTI) (World Bank)

- Results-based lending which disbursed *payment after predefined results* are attained and verified
- *Conditions to be met before the implementation*, such as appropriate action planning and submission, appropriate division of financial cost bearing, and transparent budget management and accounting

## Example 3: Incentive grant mechanism for sub-national governments in climate change mitigation (UK)

Sources: Honorati et al. (2011), DEFRA (2006)

7

## Potential Risk of Incentive/Performance-based Mechanism

Incentive mechanism may deteriorate the *motivations* in the case where *good intention and efforts* did not result in *good performance*

### *Fail-safe and incentive adjustment approach*

- First national government *lets local governments to set feasible initial GHG reduction target* by sector or programme, which will be monitored as performance later
- Then national government also distributes *mixed fail-safe (intention/trial-based) and performance-based funding* to local governments to innovate and implement GHG emissions reduction policies

Sources: Aoki and Aoki (2010)

8

## Funding Incentive Mechanisms

National governments could utilise *pooled fund* using international support or Nationally Appropriate Mitigation Actions (NAMAs) financing by donor

Sources: Chen (2010)

9

Where are we now?

Where are we heading?

How to achieve the target (**Policy Intervention**)?

How is the performance?

Point of  
Departure:  
Current State

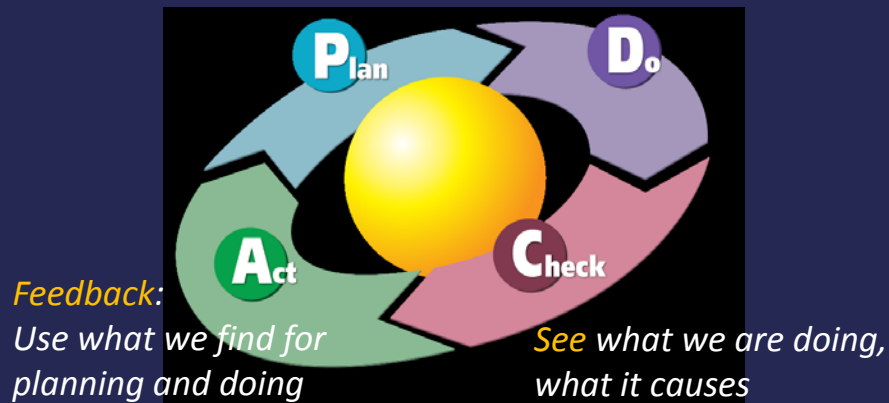
Point of  
Arrival:  
Policy Target



10

## 2. Effective Monitoring and Evaluation of Policies

Institutionalised M&E for discipline and **learning**

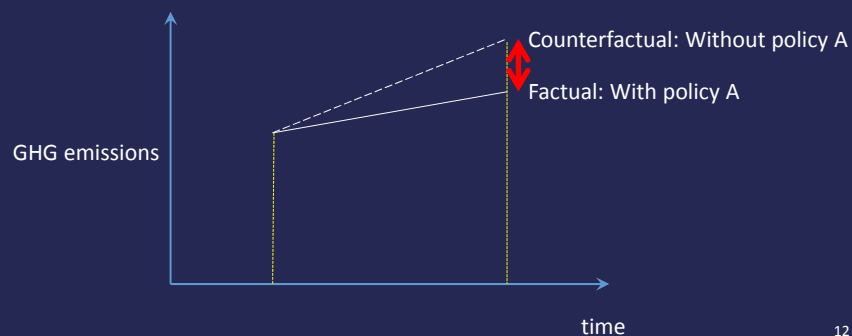


11

## Comparison: Factual and Counterfactual

Context – policy intervention	Results
Factual: With Policy A	Observed
Counterfactual: Without Policy A	Unobserved

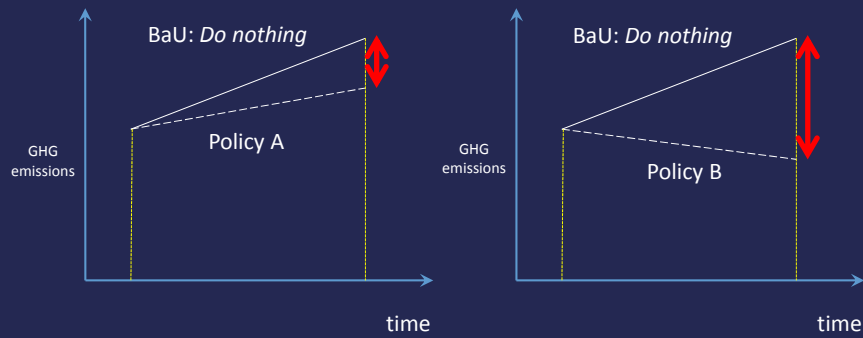
*Difference:*  
Effects of policy



12

## Comparison: Policy Alternatives

### Expected Effects of Policies A & B



*Cf. Other factors: Costs, Capacity, Political Difficulties, etc.*

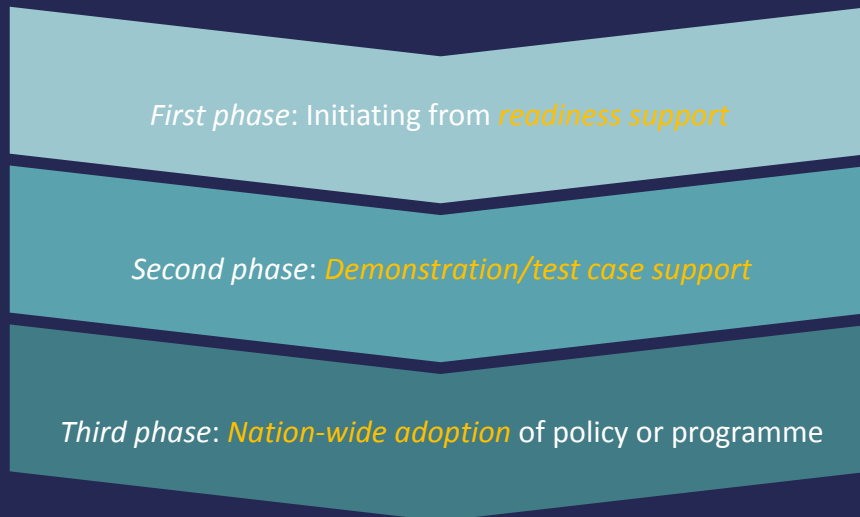
13

## 3. Diverse Local Conditions



14

### Example 1: Phased approach taken for Reducing Emission from Deforestation and Forest Degradation (REDD+)



Source: Yamanoshita (2012)

15

### Example 2: EU Regional and Urban Policy Support Mechanism

- *Programme-based* (not project-based) *funding* for particular objectives, *bottom-up* vision development and policy competition
- *Different grant ratio* for different regions with *different economic/financial level*
- “Sense of pride” by even small amount of subsidies
- Focus on “*policy-integration orientation*”
  - *Public investment & Economic development*
  - *Building reform & Social policy* (unemployment)
  - *Infrastructure reconstruction & Residents participation*
  - *Integration of low carbon (GHG emissions reduction) & development for the case of climate (co-benefits approach)*

Source: Okabe (2003)

16



## Example 3: Case Study of a Japanese Advanced City - Hiroshima

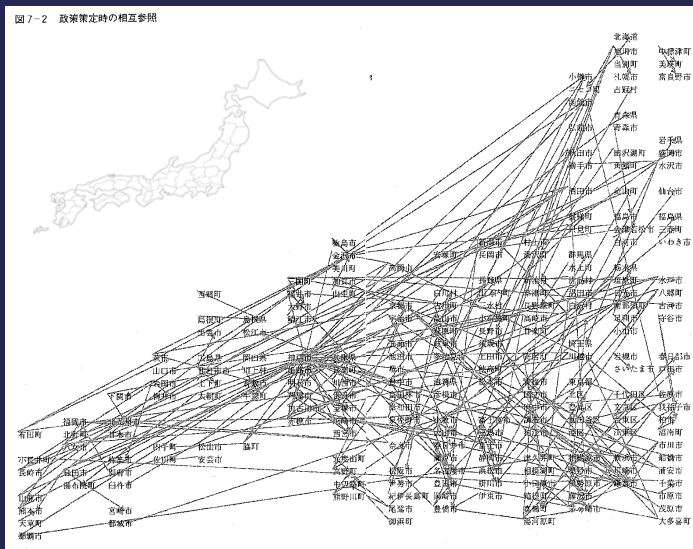
- Significance of *coherence* between *low carbon development policies* and *local issues* to be solved and initiatives taken in the past (*co-benefits approach*)
- *Political leadership* shown by Mayor promotes justification and relevance of *new* low carbon development policy by *drawing different reasons in various contexts in the city*
  - Coherence with City Basic Plan and Future Vision
  - Coherence with initiatives taken in the past
  - Coherence with promoting local residents' welfare

“Provide *three* reasons to justify new policy/project when requesting budget” – a Japanese government official

Source: Hosei University (2012)

17

## Mutual Reference among Japanese Sub-national Governments



Source: Itoh (2006)

18

## 4. Support of Policy Diffusion and Mutual Learning

### Mutual Reference among Sub-national Governments in Japan

Local Policies Studied  
 Environmental Impact Assessment  
 Environmental Basic Ordinance  
 Information Disclosure Ordinance  
 Welfare Development Ordinance  
 Landscape Conservation Ordinance

- Copying
- Emulation
- Mixtures
- Inspiration



Source: Itoh (2006)

19

## Key Factors for Sub-national Policy Diffusion in Japan

- Sub-national governments are
  - Proactive in *information and experience disclosure* and *searching on the internet*
  - Proactive in *organisational and individual networking* activities
- Existence of *promoting agency that supports knowledge production and dissemination* (← National government can play a role)

Source: Itoh (2006)

20

## Ideas for National and Sub-national Linkage Mechanisms

21

## Possible Options of National and Sub-national Linkage Mechanisms

### *Phased approach*

- *Frist phase*: National government could assist the efforts of **limited number of advanced provinces/cities** by providing **support of low carbon development planning and inventory development** (Low Carbon City project)
  - Still difficult let all sub-national governments to prepare low carbon development polices
  - Selected advanced provincial/city governments (Bangkok, Muangklang) have developed and implemented their own low carbon development policies
- *Second phase*: National government would extend **fail-safe and performance-based grant** mechanism to support sector-specific projects
  - Such as those in **solid waste management** (sanitary landfill and composting), **building energy efficiency** improvement, and **renewable** power generation
  - Soliciting the commitment of wilful provinces/cities/municipalities

*Effective M&E mechanisms* as a common basis

22